

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7105

BILL NUMBER: HB 1322

NOTE PREPARED: Jan 11, 2010

BILL AMENDED:

SUBJECT: State and Local Government Ethics.

FIRST AUTHOR: Rep. VanDenburgh

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: *Financial Disclosure Statements:* This bill reduces from \$100 to \$50 the minimum reportable amount for gifts made to state officers, employees, and special appointees on their financial disclosure statements. It requires these financial disclosure statements to be published on the state's Internet web site.

Political Contributions: The bill provides that a state employee or a special state appointee may not be required to make a political contribution, solicit political contributions, or participate in any other political activity. It provides that a state officer, employee, or a special state appointee may not solicit a political contribution or engage in any other political activity in a facility owned or leased by the state. It provides that an employee of a political subdivision or an appointee of a political subdivision may not be required to make a political contribution, solicit political contributions, or participate in any other political activity. The bill also provides that a local officer, employee, or appointee may not solicit a political contribution or engage in any other political activity in a facility owned or leased by the political subdivision.

Statements of Financial Interests: The bill requires local officers, candidates for local offices, employees of political subdivisions, and local special appointees to file statements of financial interests that include a report of gifts given by vendors.

Local Contractor Registration and Reporting: The bill requires persons who make offers for contracts with political subdivisions to register with the county and to file certain reports. It also requires registration and reports to be published on the county's Internet web site.

Civil Penalties: The bill authorizes the State Board of Accounts to impose certain civil penalties for

violations of the local ethics statute.

The bill makes technical amendments.

Effective Date: July 1, 2010.

Explanation of State Expenditures: *Financial Disclosure Statements:* This bill reduces from \$100 to \$50 the minimum reportable amount for gifts on financial disclosure statements, which are filed with the State Ethics Commission. The bill also requires the State Ethics Commission to publish these statements on the state's web site. These provisions may increase costs for the State Ethics Commission, but they should be able to implement the provisions within existing resources.

Explanation of State Revenues: *Penalty Provision:* The bill provides that a person who intentionally or knowingly files a false statement of financial interests commits a Class A infraction. The maximum judgment for a Class A infraction is \$10,000, which would be deposited in the state General Fund. However, any additional revenue is likely to be small.

Explanation of Local Expenditures: *Statements of Financial Interests:* This bill provides that local officers, candidates for local office or a school board office, heads of agencies, and employees who serve as purchasing agents for political subdivisions must file statements of financial interests. These statements will be filed annually with the appropriate county clerks. Also, the clerk is required to publish the statements on the county's web site.

Local Contractor Registration and Reporting: This bill requires those contracting with political subdivisions to register and submit certain reports to county clerks. Reports of gifts must be filed twice a year. The bill also requires this information to be published on county web sites.

These provisions will increase administrative costs for county clerks, but it is unknown to what extent.

Explanation of Local Revenues: *Civil Penalties:* The bill provides that the State Board of Accounts may impose civil penalties on individuals who do not file statements of financial interests in a timely manner or file deficient statements. The civil penalty is \$10 for each day that a statement is delinquent or deficient, up to a maximum of \$1,000. Any civil penalties imposed will be deposited in the general fund of the political subdivision.

The State Board of Accounts may also impose civil penalties on those who fail to comply with the local contractor registration provisions of this bill. The civil penalty for these violations is \$10 for each day a registration or supplement to a registration remains delinquent.

Local Contractor Registration: The bill provides for registration fees of \$100 for first-time registrants, and \$50 for renewal registrations each year. The amount of registration fees that will be assessed is indeterminable. The registration fees will be deposited in the county's general fund.

Political Contributions: If a person violates the political contributions provisions of this bill, they may be subject to certain actions by the State Board of Accounts, including the imposition of a civil penalty of no more than three times the value of any benefit received from the violation. Any civil penalties imposed as a result of this bill would be deposited in the appropriate general fund of the political subdivision.

Penalty Provision: If additional court actions are filed and a judgment is entered, local governments would receive revenue from court fees. However, any additional revenue is likely to be small.

State Agencies Affected: State Ethics Commission; State Board of Accounts.

Local Agencies Affected: Political subdivisions; Trial courts, Local law enforcement agencies.

Information Sources:

Fiscal Analyst: Jessica Harmon, 317-232-9854.